

ABAG FINANCE AND PERSONNEL COMMITTEE

Thursday, November 19, 2009, 5:00 p.m.
 ABAG Conference Room B
 MetroCenter—8th and Oak Streets
 Oakland, CA

<u>Est. Time in Minutes</u>		<u>Recommendation**</u>
2	1. Public Comments	Information
3	*2. Minutes of the September 17, 2009 Meeting	Action
5	*3. Financial Reports – ABAG <i>The August and September 2009 reports are enclosed with the agenda packet.</i>	Action
5	4. Membership Dues Not Yet Received <i>The members and the FY 2009-10 dues amount not yet received by ABAG will be reported and discussed at the meeting.</i>	Information
15	** Audited Financial Reports for ABAG *5. <i>Auditors from Maze & Associates will present the June 30, 2009 audited financial reports for ABAG. Committee will consider recommending Executive Board approval of these reports.</i>	Action
THE FOLLOWING ITEMS WILL BE DISCUSSED IN CLOSED SESSION PURSUANT TO THE REQUIREMENTS OF THE RALPH M. BROWN ACT.		
15	6. Conference with Legal Counsel—Existing Litigation <i>Home Builders Association of Northern California vs ABAG</i>	Information
	7. Adjournment	Action

* Attachments enclosed with packet.

** The committee may take action on any item on the agenda, which action may be the recommended action, any other action or no action.

*** Will be sent separately.

ABAG FINANCE AND PERSONNEL COMMITTEE

Summary Minutes

September 17, 2009

Members Present

Supervisor Scott Haggerty, Chair
Supervisor David Cortese
Supervisor Rose Jacobs Gibson
Supervisor John Gioia
Mayor Mark Green
Supervisor Mike Kerns
Supervisor Barbara Kondylis
Vice Mayor Peter McHugh
Mayor A. Sepi Richardson

Jurisdiction

County of Alameda
County of Santa Clara
County of San Mateo
County of Contra Costa
City of Union City
County of Sonoma
County of Solano
City of Milpitas
City of Brisbane

Members Absent

None

Officers and Staff Present

Ezra Rapport, Deputy Executive Director
Patricia Jones, Assistant Executive Director
Kenneth Moy, Legal Counsel
Herbert Pike, Finance Director
Brian Kirking, Information Services Director
Susan Hsieh, Assistant Finance Director

The meeting was called to order at 5:00 p.m.

- 1) There were no public comments.
- 2) Minutes of the July 16, 2009 meeting were approved as presented.
/M/McHugh/S/Gioia/C/approved.
- 3) Pike summarized the June and July 2009 financial report for ABAG. Emphasis was on the slow recovery from the State creating high receivables and low cash balance. Also discussed was the payment of the Annual Required Contribution (ARC) for FY 2008-09 by December 2009. /M/Cortese/S/Rose-Gibson/C/ to accept reports.

AGENDA ITEM 2

- 4) Pike reported to the Committee that all members' dues for FY 2009-10 had been received except for four municipalities. The dues remaining represent less than two percent of all dues and Mr. Gardner has been working with each of the four. Staff expects to be able to report at the November meeting that **all** members have been renewed.
- 5) Jones summarized the annual Report on Diversity and Business Opportunity—FY 2008-09. While progress continues to be made, challenges still remain. As in previous years, ABAG continues to seek Hispanic applicants to round out our diverse workforce. ABAG also continues to reach out and provide contracting opportunities to as many under-represented groups as possible, while maintaining its requirements of excellence. /M/ /S/ /C/ to recommend acceptance by Executive Board.
- 6) Rapport presented staff's request to authorize borrowing of up to \$700,000 to fund renovation of ABAG's offices and work areas located at the MetroCenter. The annual amortization of the loan would amount to less than \$100,000 per year over up to 10 years; funds for amortization would be available following the last payment in December, 2009, of the ABAG MetroCenter 25-year capital-lease. /M/ McHugh/S/Gioia/C/ to recommend approval by the Executive Board.

To commence renovations in the latter half of November, the Committee seeks delegation of authority from the Executive Board to convene a special meeting to review and authorize any contracts of \$20,000 or more. /M/Green/S/Kondylis/C/ to seek said authorization from the Executive Board.
- 7) At a special closed session, the Committee was briefed on new litigation brought against the ABAG regarding PROJECTIONS 2009. There is nothing to report out at this time.
- 8) Meeting was adjourned at 5:45 p.m.

TO: Finance and Personnel Committee

DT: September 30, 2009

FM: Herbert Pike, Finance Director

Re: Financial Reports
--August 2009

The following are highlights of the financial reports for August 2009.

Cash on Hand (Figure 1)

Cash on hand increased to \$3.16 million on August 31 from \$1.53 million on July 31. The August balance includes approximately \$1.77 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The August 31 cash balance is approximately \$555 thousand higher than the prior year, commensurate with the roughly \$565 thousand owed to fund the prior year's required contribution for future retiree health insurance obligations. Much of the upturn is attributed to improved receivables noted below.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about \$2.65 million on August 31, a decrease of \$809 thousand from the month prior. Compared to August 30 the year prior, the total reflects a decrease of approximately \$399 thousand. While substantially improved from the prior month and the prior year, the total receivables are still over \$850 thousand higher than two years prior, before the budget crises commenced. It is hoped this reflects a return to a more expeditious reimbursement pattern from the State experienced prior to the State budget crises of the last two years.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses through August 31 amounted to about \$2.50 million, or 11.2%, of projected annual expenses of \$22.3 million for FY 09-10.

Actual vs. Budgeted Revenues (Figure 10)

At August 31, total revenues amounted to about \$2.44 million, or 11.0%, of projected annual revenue of \$22.3 million for FY 09-10.

As of August 31, both revenues and expenses are below "projected" annual totals. While revenues and expenditures might be expected to be 16.67% after the first two months of the new fiscal year, they are less than projections, largely due to the timing of consultant and sub-contractor expenses that lag in getting the billings in for the work performed and, consequently, getting reimbursed for completed work.

Fund Equity (Figure 5)

As of August 31, general fund equity was approximately \$1.00 million, a decrease of \$35 thousand from July 31. The agency's restricted fund equity, consisting of building bond interest, capital, self-insurance and building maintenance, remained unchanged at \$510 thousand.

Indirect Cost (Figure 6)

The agency's actual indirect cost (overhead) rate was 50.43% of direct labor cost as of August 30, or about 7.48% above the budgeted rate of 42.95% for FY 09-10. Most of the excess charges are due to revised allocations of employees' time between Agency Administration/Communications and General Overhead. These issues have been identified and rates are slowly converging toward the expected rate over the next several months.

Overall (Figures 3, 4, 7 & 8)

At August 31, the Agency's net financial position is reasonably close to forecast with a modest deficit of roughly \$55 thousand, or 2.25% of July-August revenues. Both "cash on hand" and "receivables" have improved over the prior month. Several projects formerly frozen are being restarted with the infusion of federal ARRA funding. The Agency looks forward to making its contributions for retiree medical benefits deferred from the prior fiscal year within the next couple of months.

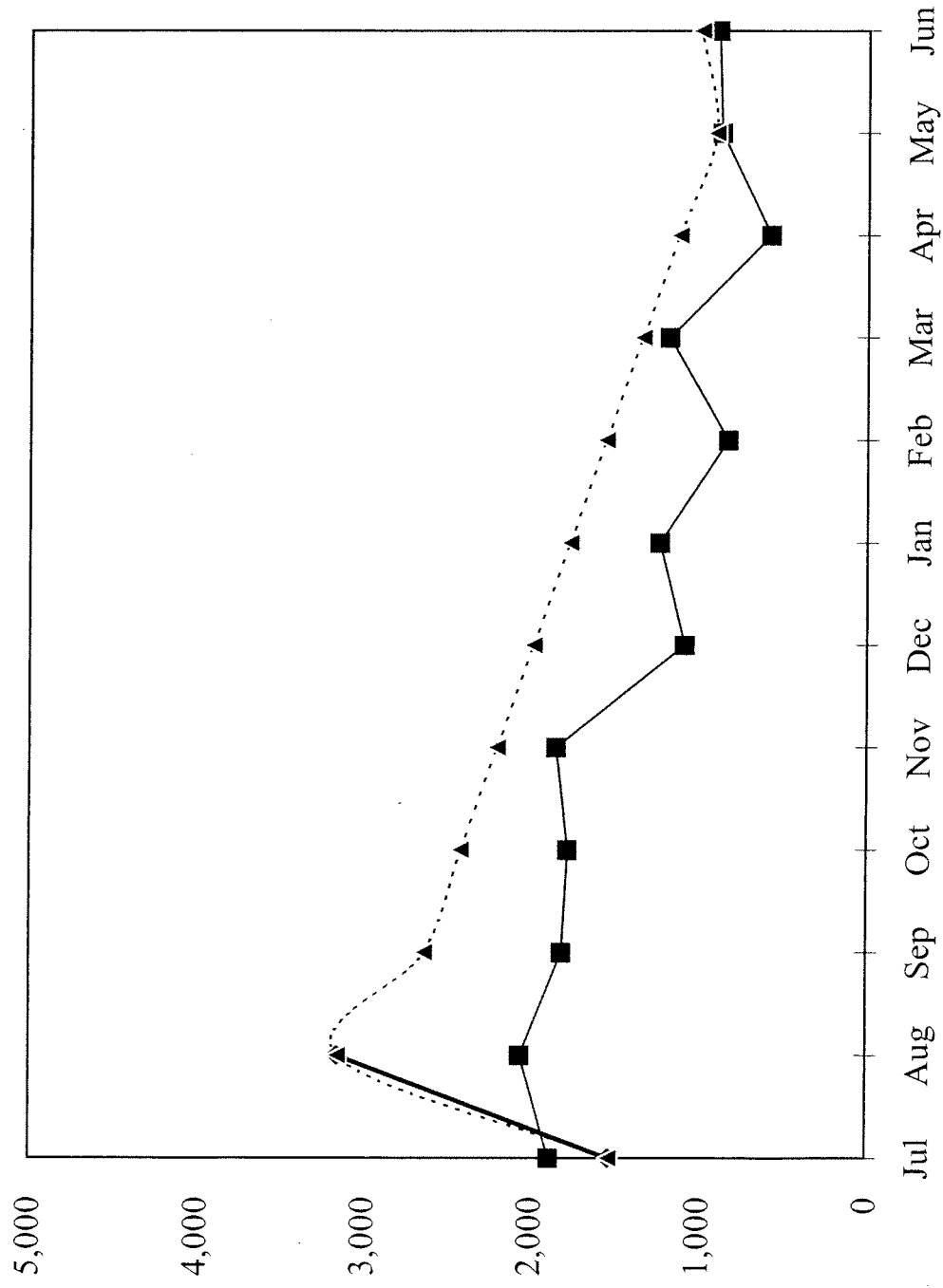
ABAG FINANCIAL REPORTS

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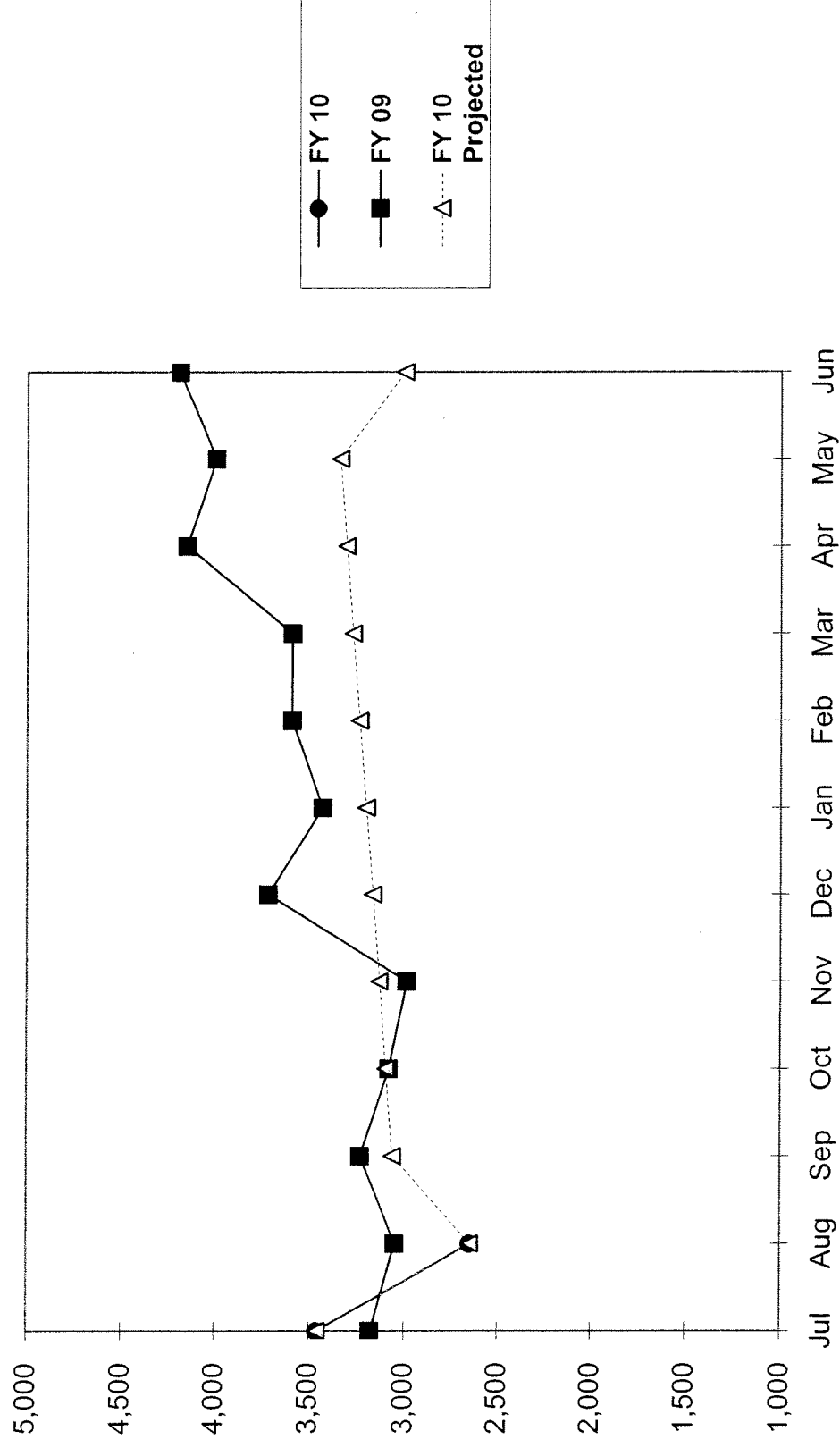
ABAG Financial Indices

Cash on Hand FY 09 and FY 10 (\$'000)



ABAG Financial Indices

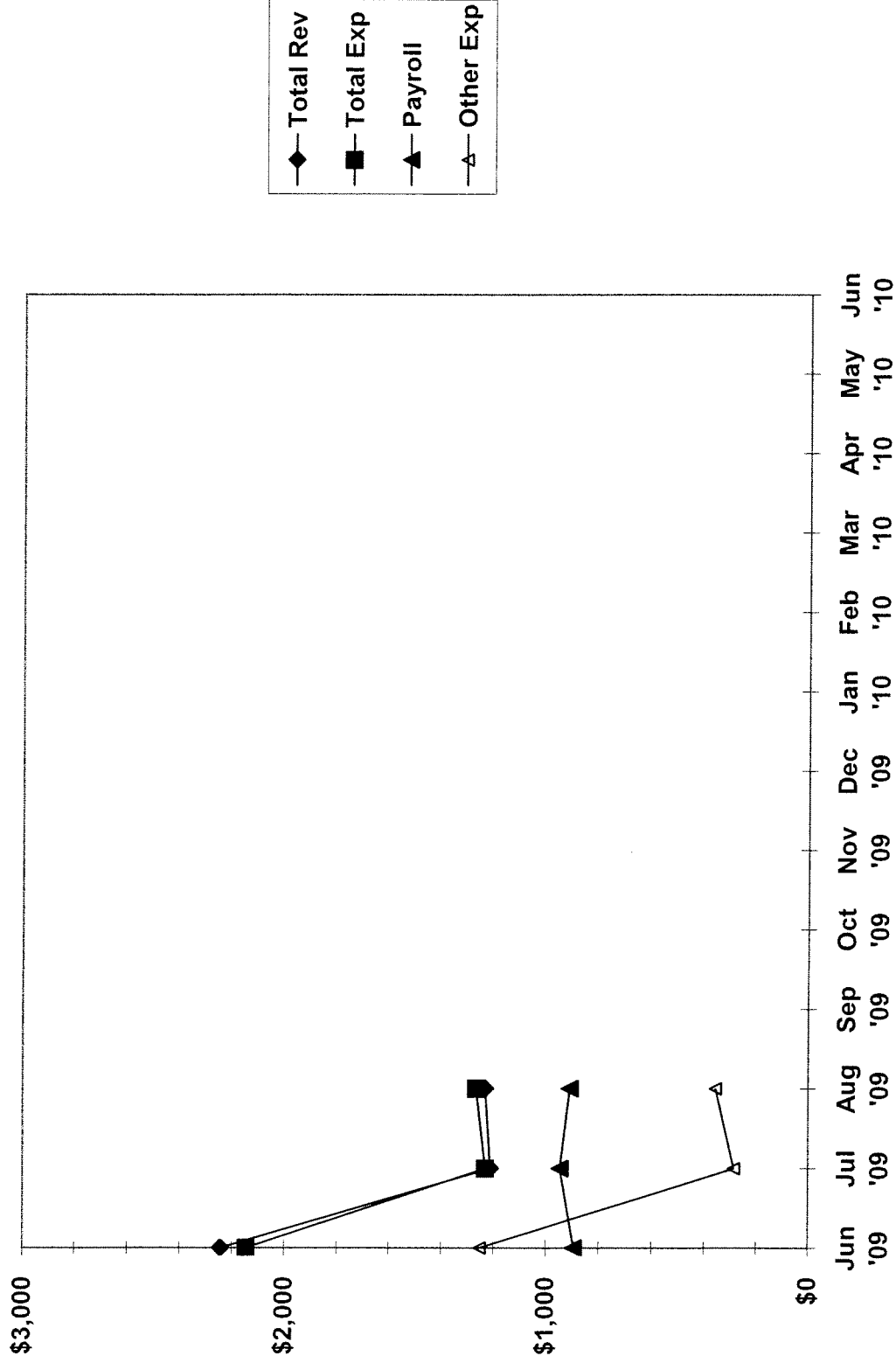
Accounts Receivable FY 09 and FY 10 (\$'000)



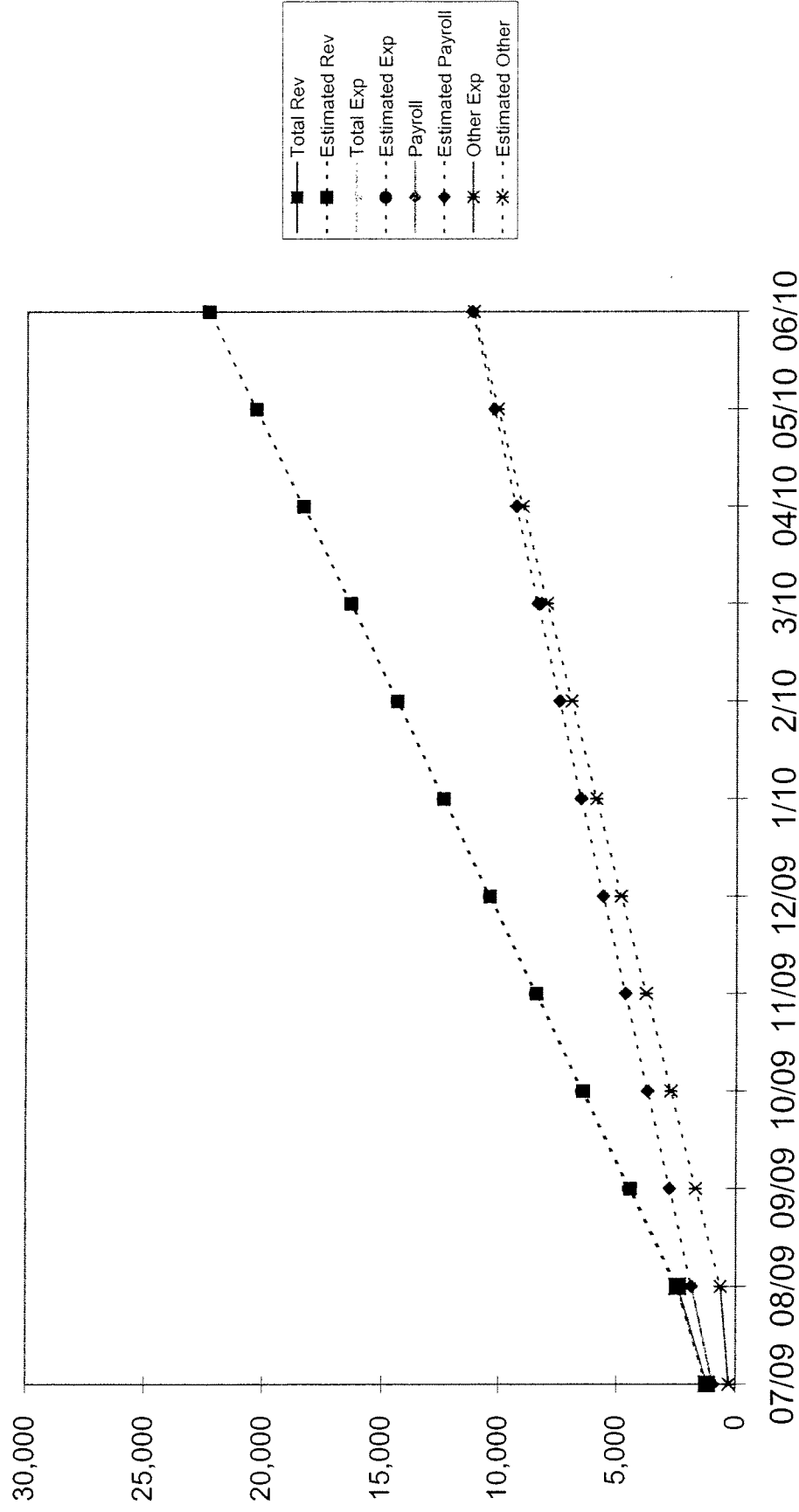
ABAG Financial Indices

Current Month Revenues & Expenses

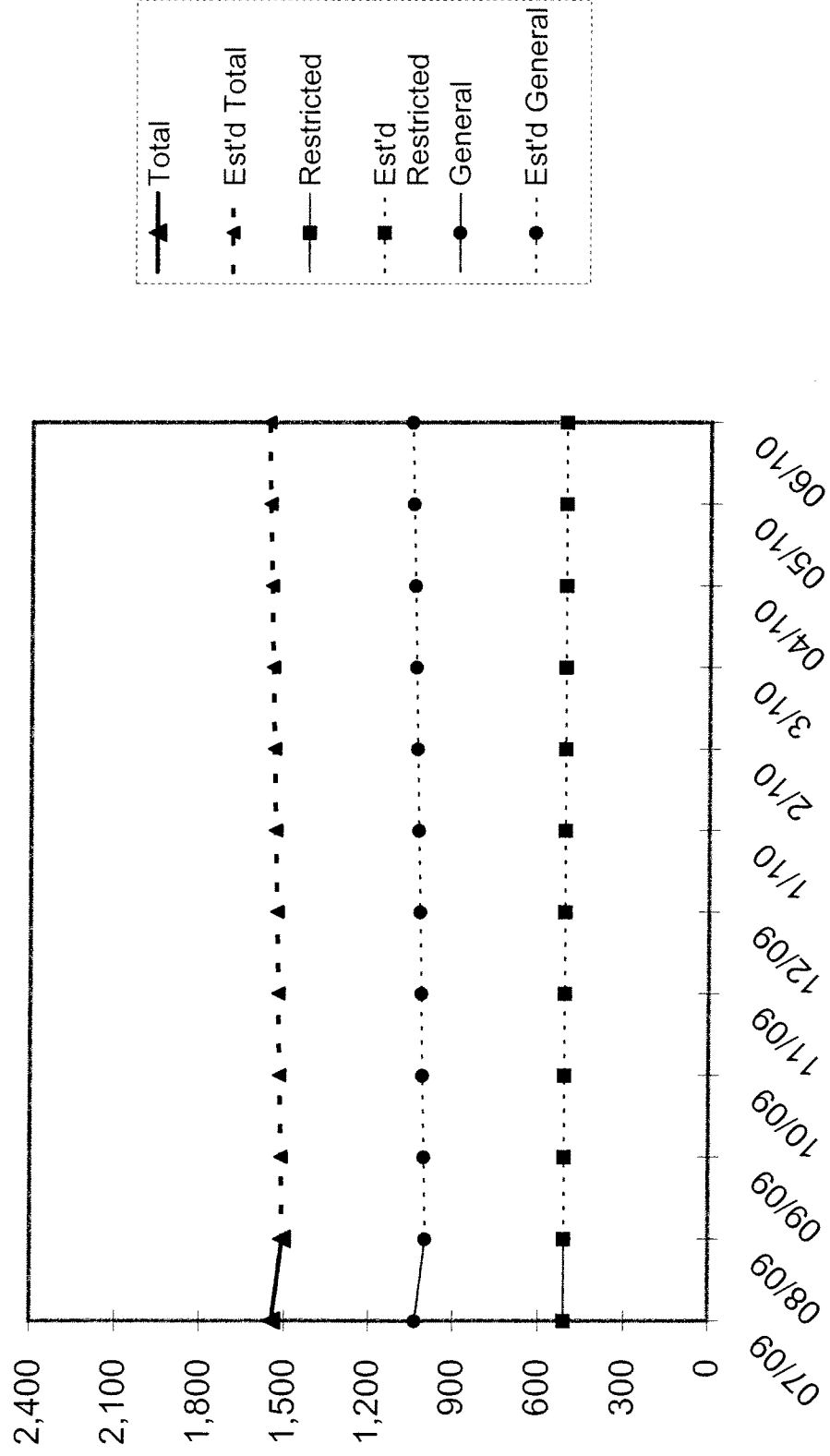
FY 09-10 (\$'000)



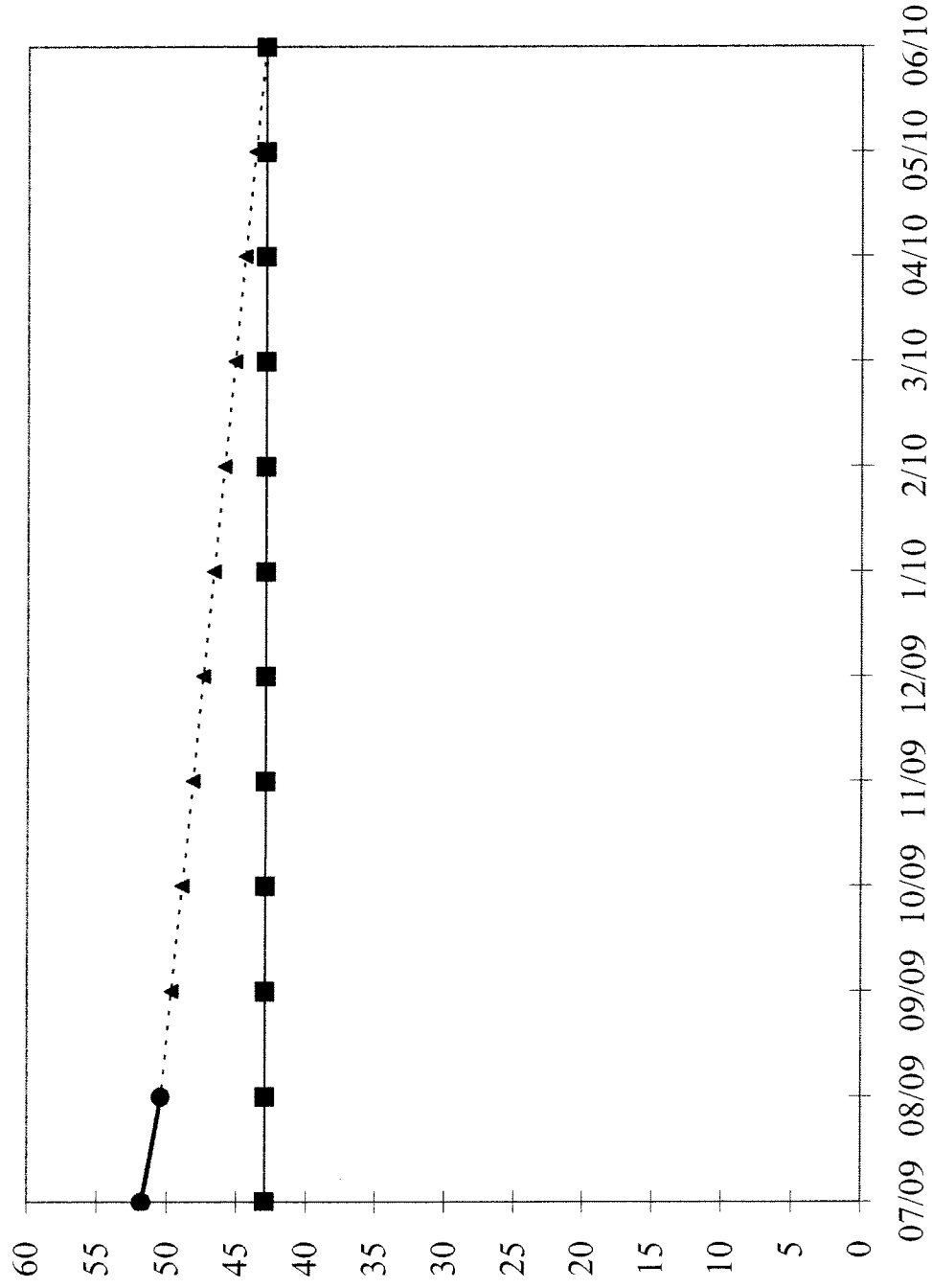
ABAG Financial Indices *Year-to-date Revenues & Expenses* **FY 09-10 (\$'000)**



ABAG Financial Indices *Fund Equity* **FY 09-10 (\$'000)**



ABAG Financial Indices *Indirect Cost Rate (% of Direct Labor Cost)* **FY 09-10**

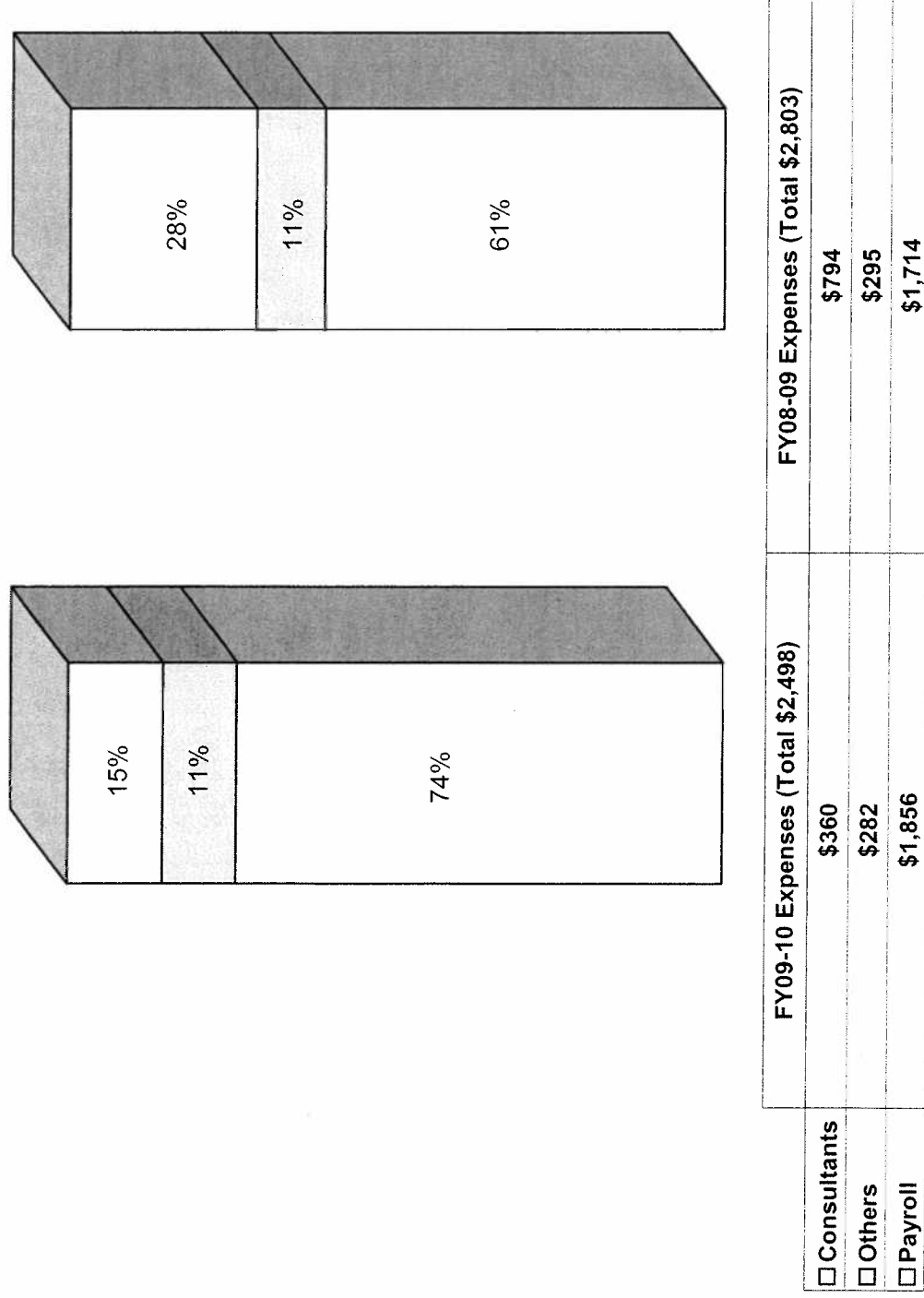


ABAG Financial Indices

Composition of Expenses FY 09--FY 10

Year to Date

(\$'000)

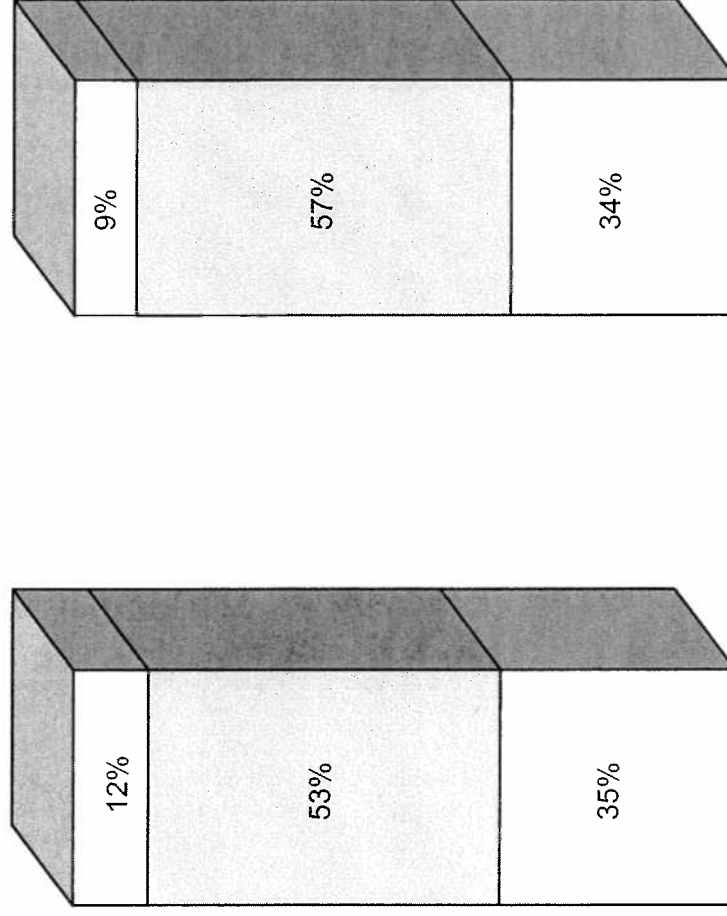


ABAG Financial Indices

Composition of Revenues FY 08--FY 09

Year to Date

(\$'000)

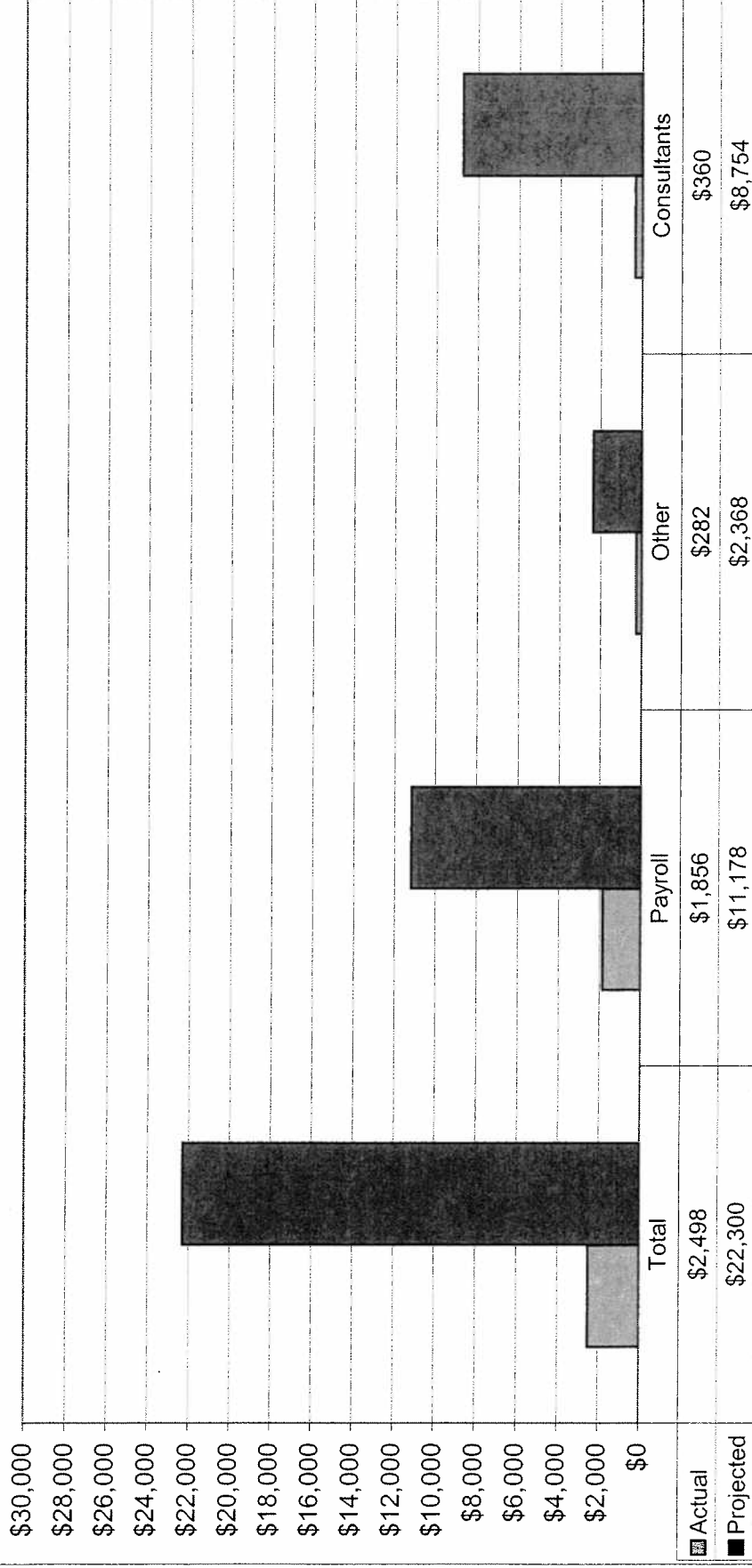


	FY 09-10 Revenue (Total \$2,443)	FY 08-09 Revenue (Total \$2,854)
Membership	\$278	\$267
Grants	\$1,298	\$1,615
Services & Others	\$867	\$972

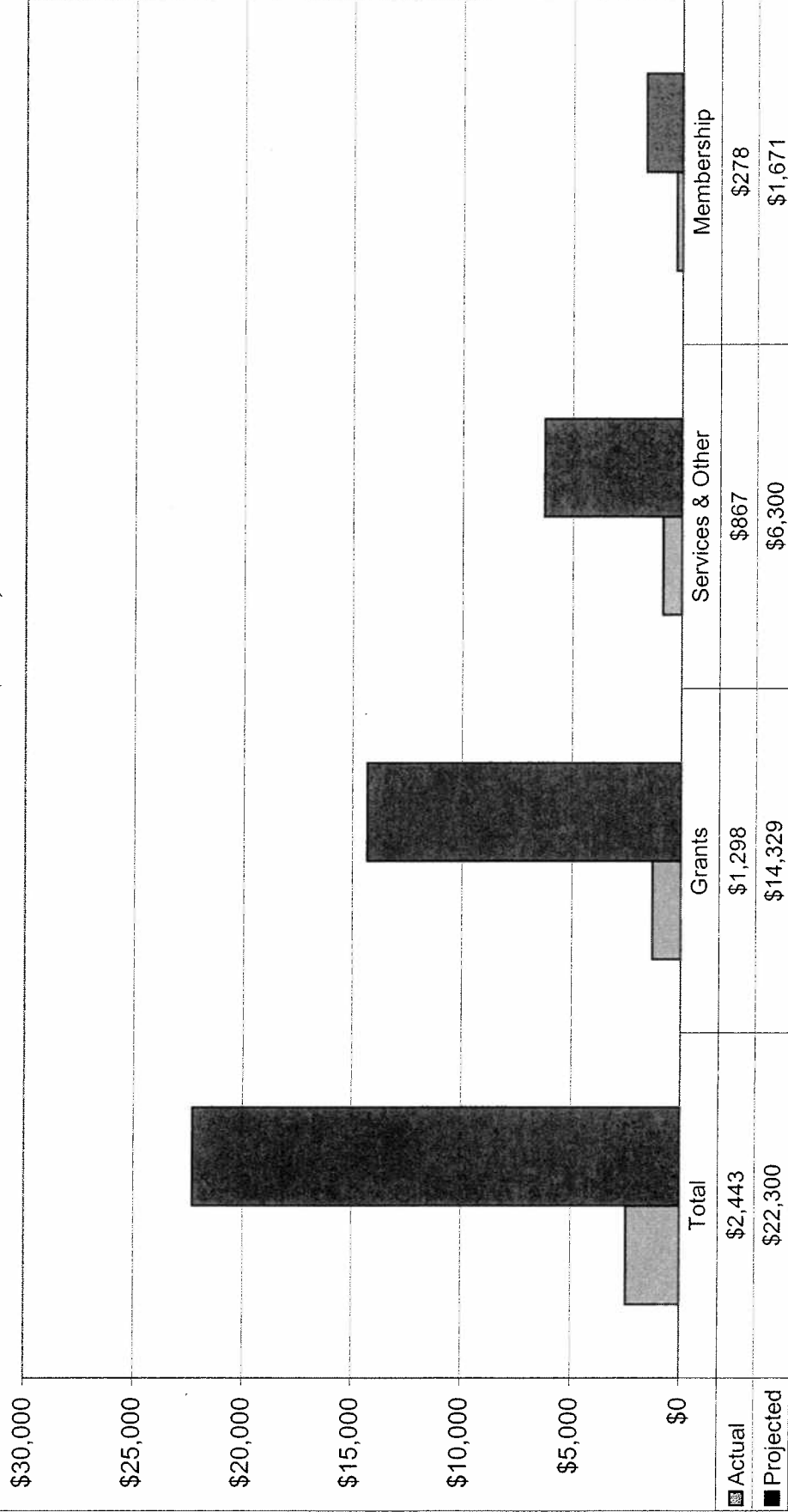
ABAG Financial Indices

Actual vs Projected Expenses--FY 09-10

Year to Date (\$'000)



ABAG Financial Indices *Actual vs Projected Revenues--FY 09-10* *Year to Date (\$'000)*



Description of Charts

Figure 1 -- Cash on Hand

Cash on hand represents the sum total of cash deposited at our bank and the Local Agency Investment Fund (LAIF). This chart shows fluctuation patterns of cash on hand for the current and last fiscal years.

Figure 2 -- Accounts Receivable

Accounts receivable tracked by this chart include receivables generated by grants and service programs over two fiscal years. This chart reflects the reasonableness of our receivable levels. We usually have about six weeks' worth of our annual revenues in receivables.

Figure 3 -- Current Month Revenues and Expenses

Presents month by month total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall current month net surplus (or deficit) for the agency.

Figure 4 -- Year-to-date Revenues and Expenses

Presents year-to-date total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall year-to-date net surplus (or Deficit) for the agency.

Figure 5 --Fund Equity

Presents general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building bond interest, building maintenance, self-insurance and capital. These restricted equities represent the agency's equities set aside for specific purposes as approved by the Finance and Personnel Committee. Total equity is the sum total of general and restricted equities.

Figure 6 -- Indirect Cost Rate (% of Direct Labor Cost)

This chart shows a comparison between the actual indirect cost rate and the approved rate. The approved indirect cost rate is computed by dividing total estimated overhead expenses by total projected direct labor cost for a fiscal year. This rate is used as a standard overhead cost rate to allocate indirect costs to all projects. This process is performed in accordance with an indirect cost plan, which is prepared annually in accordance with OMB A-87.

Figure 7 -- Composition of Expenses

This chart compares expenses for current and last fiscal years. It groups expenses into two broad categories -- payroll costs and other expenses.

Figure 8 -- Composition of Revenues

Presents a break down of total revenues into four main sources -- membership, grants, services and others. This chart compares revenue sources between current and last fiscal years.

Figure 9 -- Actual vs. Budgeted Expenses

Presents a comparison of actual and budgeted total expenses as well as component categories: payroll costs, consultants and other expenses.

Figure 10 -- Actual vs. Budgeted Revenues)

Presents a comparison of actual and budgeted total revenues as well as component categories: membership dues, grants, services and other.

TO: Finance and Personnel Committee

DT: October 30, 2009

FM: Herbert Pike, Finance Director

Re: Financial Reports
--September 2009

The following are highlights of the financial reports for September 2009.

Cash on Hand (Figure 1)

Cash on hand decreased to \$2.64 million on September 30 from \$3.16 million on August 31. The September balance includes approximately \$2.17 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. The September 30 cash balance is approximately \$820 thousand higher than the prior year, modestly greater than the roughly \$565 thousand owed to fund the prior year's required contribution for future retiree health insurance obligations. Much of the upturn is attributed to improved receivables noted below.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about \$3.06 million on September 30, an increase of \$412 thousand from the month prior. Compared to September 30 the year prior, the total reflects a decrease of approximately \$170 thousand. While substantially improved from the prior month, the total receivables are still over \$378 thousand higher than two years prior, before the budget crises commenced. It is hoped that more timely reimbursements from the State in recent months reflects a trend toward a more expeditious reimbursement pattern from the State experienced prior to the State budget crises of the last two years.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses through September 30 amounted to about \$3.85 million, or 17.26%, of projected annual expenses of \$22.3 million for FY 09-10.

Actual vs. Budgeted Revenues (Figure 10)

At September 30, total revenues amounted to about \$3.79 million, or 17.0%, of projected annual revenue of \$22.3 million for FY 09-10.

As of September 30, both revenues and expenses are below "projected" annual totals. While revenues and expenditures might be expected to be 25% after the first two months of the new fiscal year, they are less than projections, largely due to the timing of consultant and sub-contractor expenses that lag in getting the billings in for the work performed and, consequently, getting billed and reimbursed for completed work.

Fund Equity (Figure 5)

As of September 30, general fund equity was approximately \$1.00 million, a decrease of \$3 thousand from August 31. The agency's restricted fund equity, consisting of building bond interest, capital, self-insurance and building maintenance, remained unchanged at \$510 thousand.

Indirect Cost (Figure 6)

The agency's actual indirect cost (overhead) rate was 46.26% of direct labor cost as of September 30, or about 3.31% above the budgeted rate of 42.95% for FY 09-10. Most of the excess charges are due to revised allocations of employees' time between Agency Administration/Communications and General Overhead. These issues have been identified and rates are slowly converging toward the expected rate over the next several months.

Overall (Figures 3, 4, 7 & 8)

At September 30, the Agency's net financial position is reasonably close to forecast with a modest deficit of roughly \$59 thousand, or 1.56% of first quarter revenues. Both "cash on hand" and "receivables" have improved over the prior year, and their downturn from the prior month reflects expected seasonal trends. Several projects formerly frozen are being restarted with the infusion of federal ARRA funding. This reflects part of a larger trend away from State funding towards Federal funding; grants received through the State are increasingly pass-through of Federal funding. The Agency looks forward to making its contributions (\$565,000) for retiree medical benefits deferred from the prior fiscal year within the before the end of December.

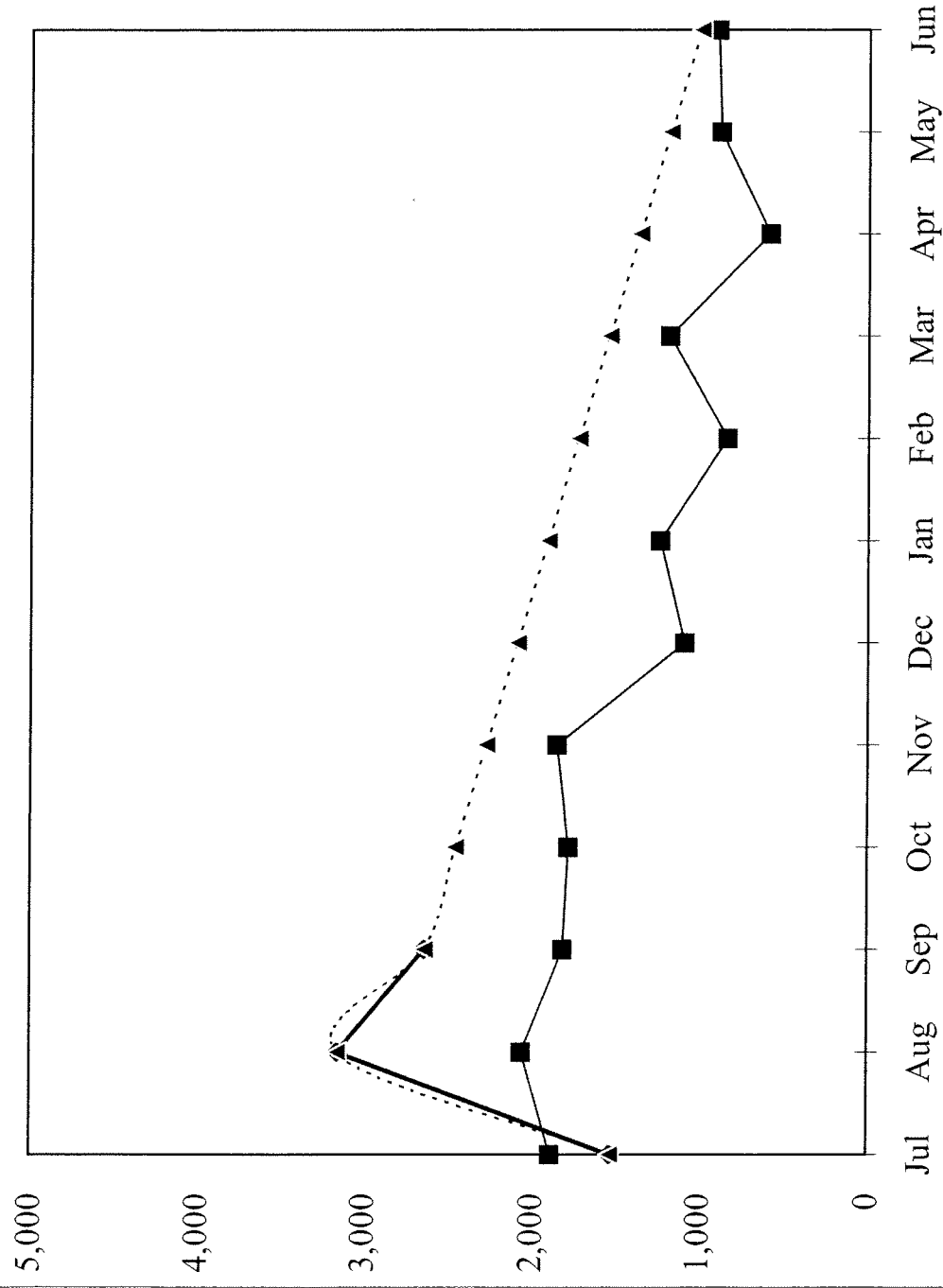
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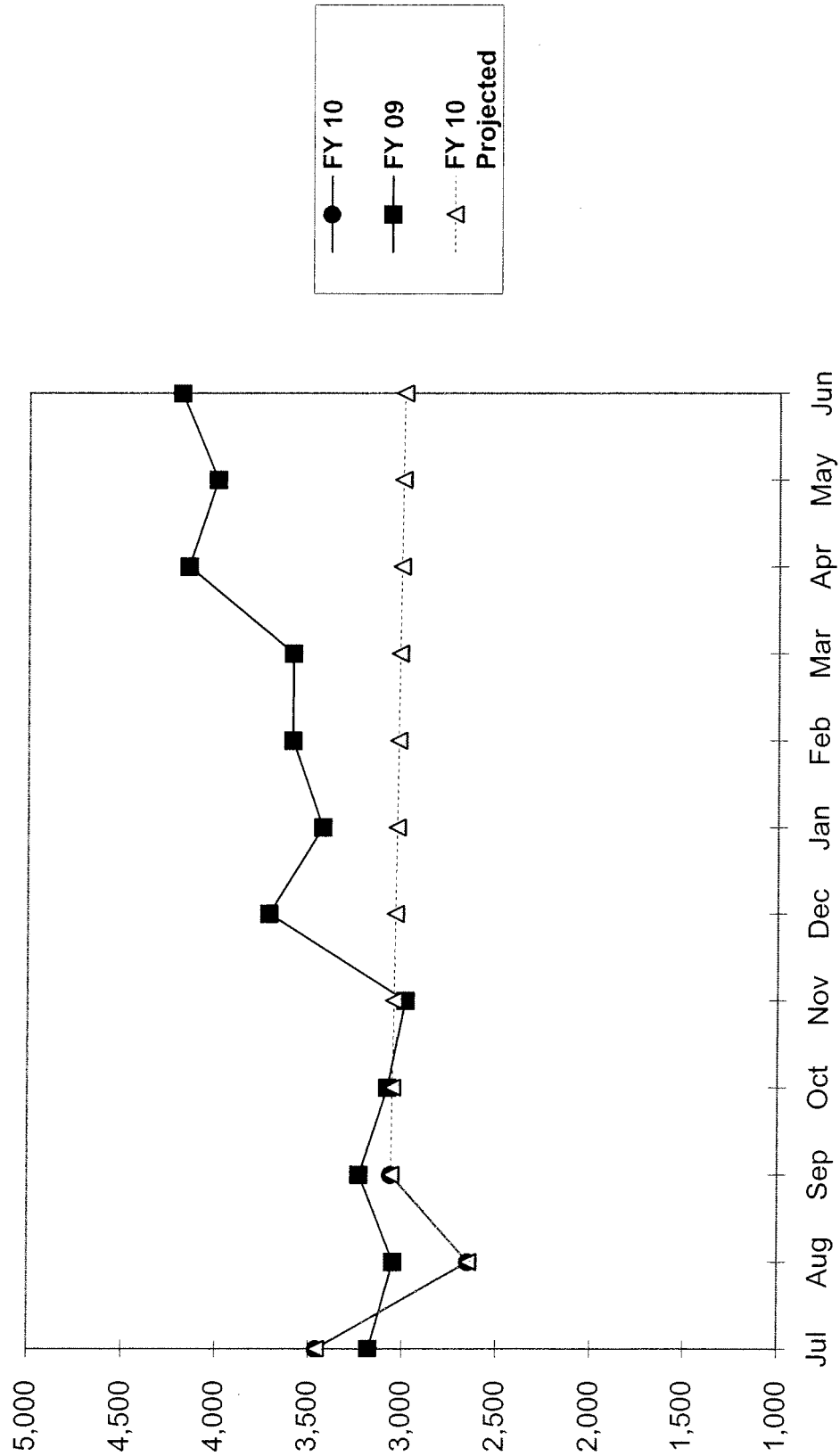
ABAG Financial Indices

Cash on Hand FY 09 and FY 10 (\$'000)



ABAG Financial Indices

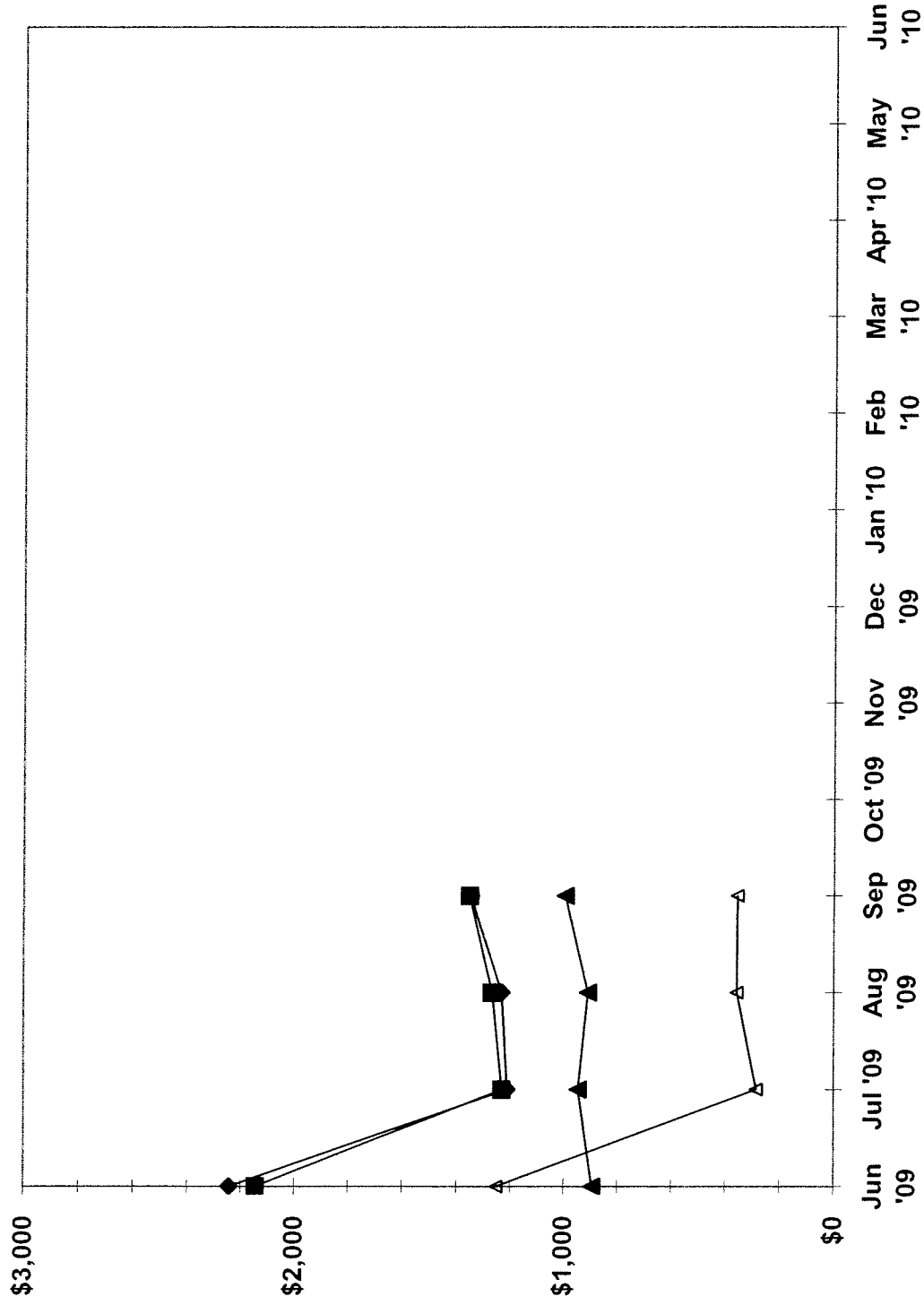
Accounts Receivable FY 09 and FY 10 (\$'000)



ABAG Financial Indices

Current Month Revenues & Expenses

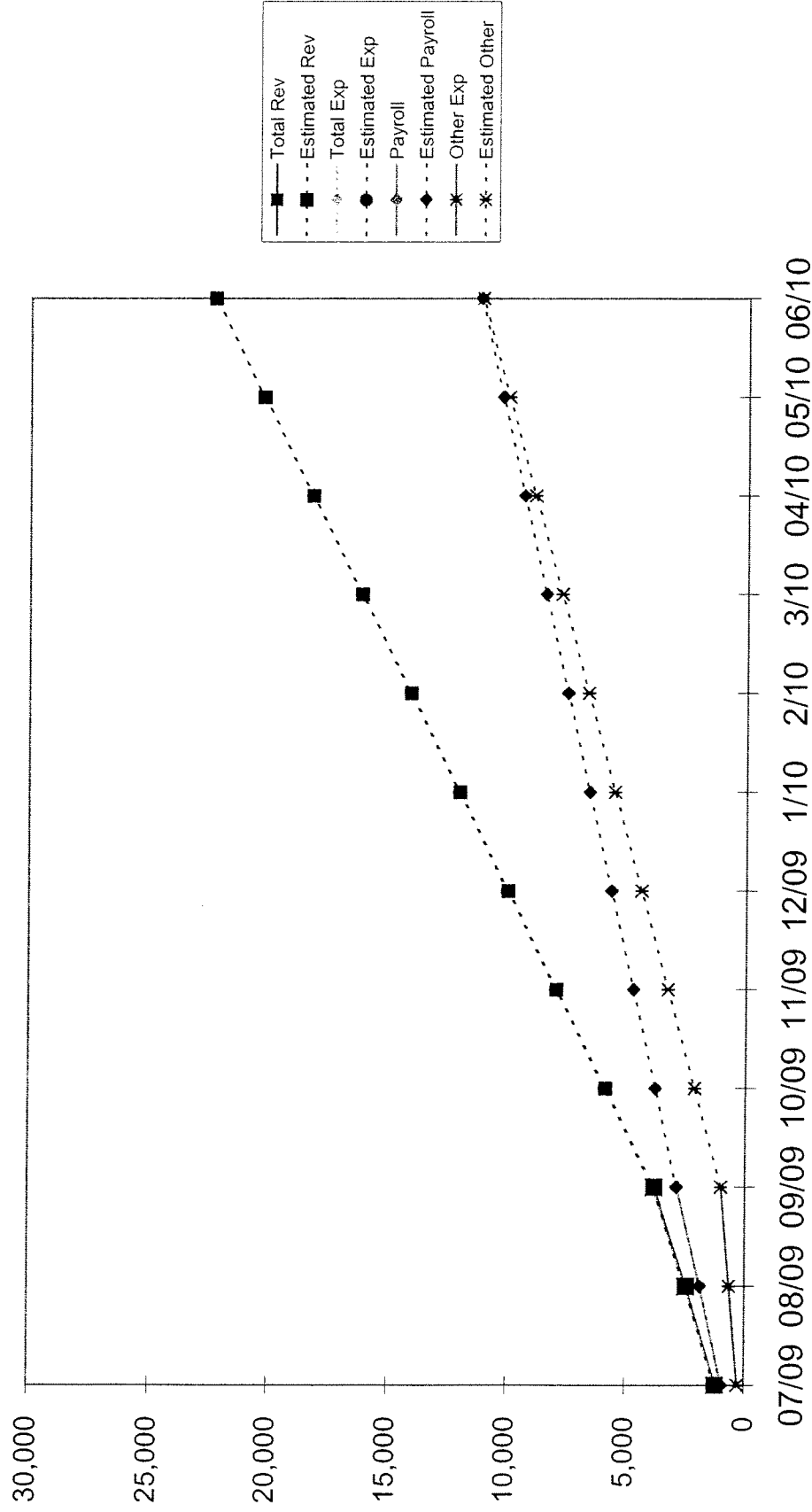
FY 09-10 (\$'000)



ABAG Financial Indices

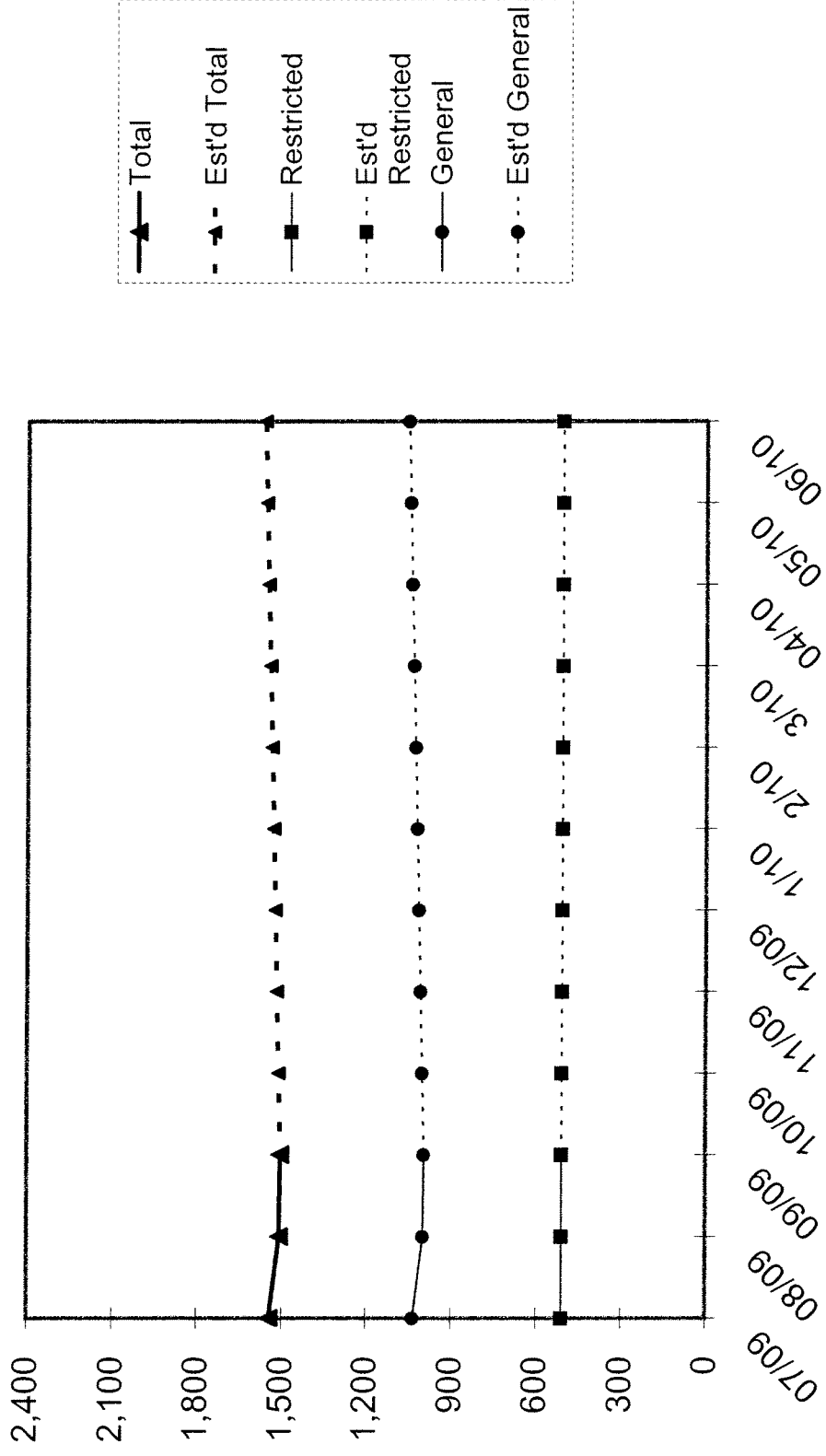
Year-to-date Revenues & Expenses

FY 09-10 (\$'000)

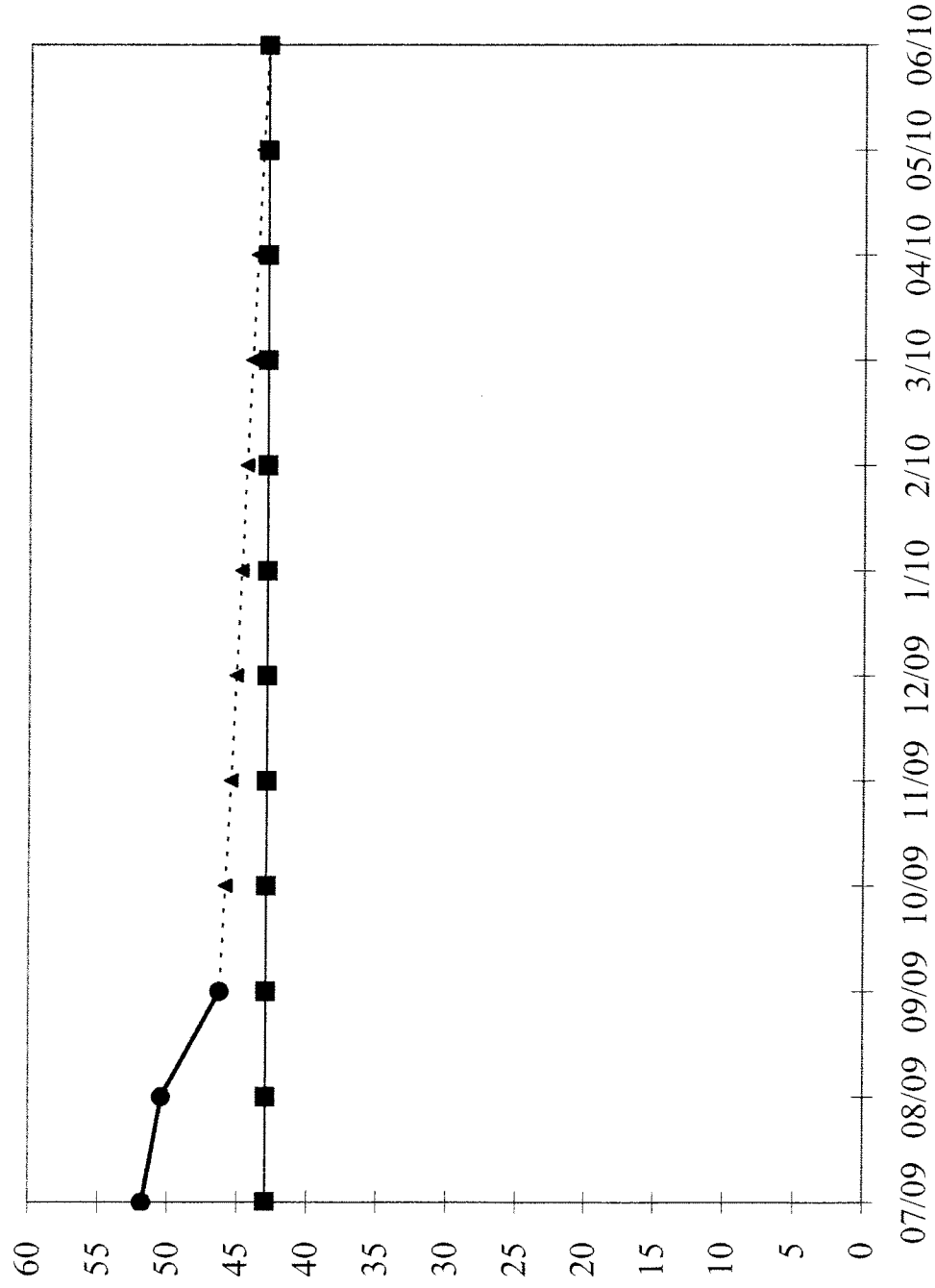


ABAG Financial Indices

Fund Equity
FY 09-10 (\$'000)



ABAG Financial Indices *Indirect Cost Rate (% of Direct Labor Cost)* **FY 09-10**

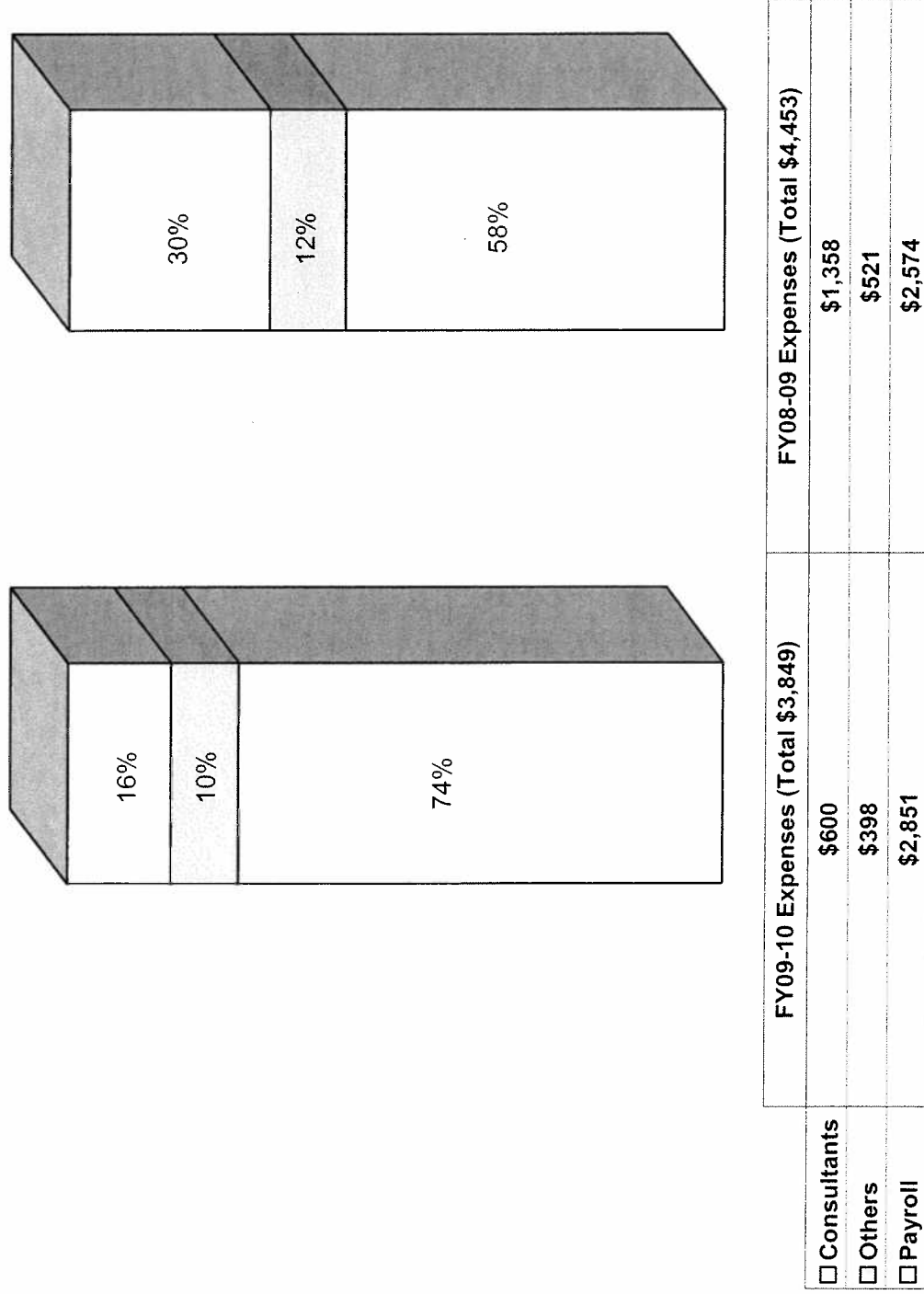


ABAG Financial Indices

Composition of Expenses FY 09--FY 10

Year to Date

(\$'000)

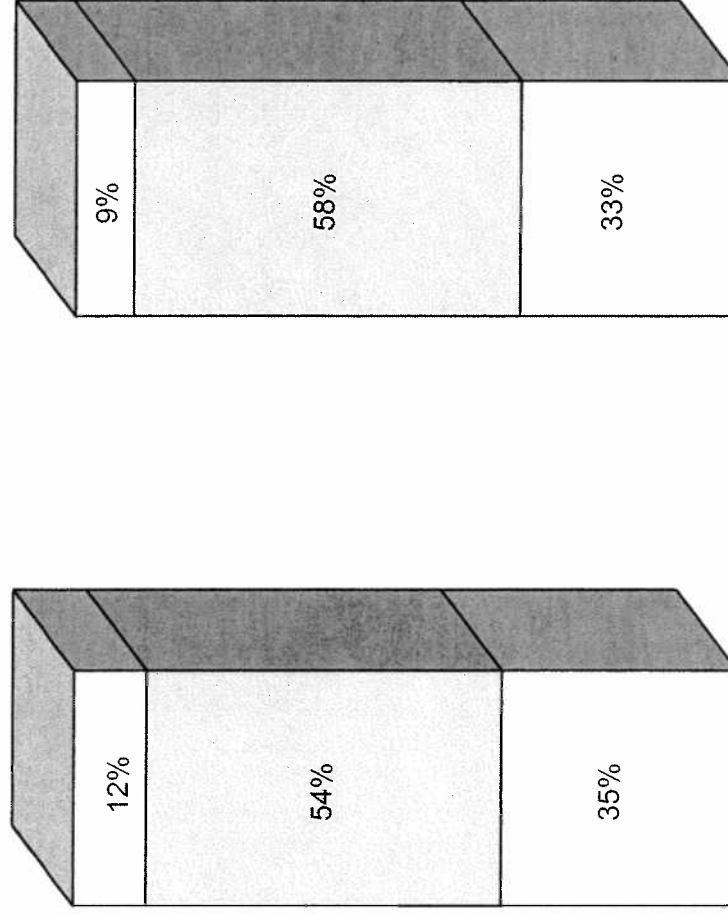


ABAG Financial Indices

Composition of Revenues FY 08--FY 09

Year to Date

(\$'000)

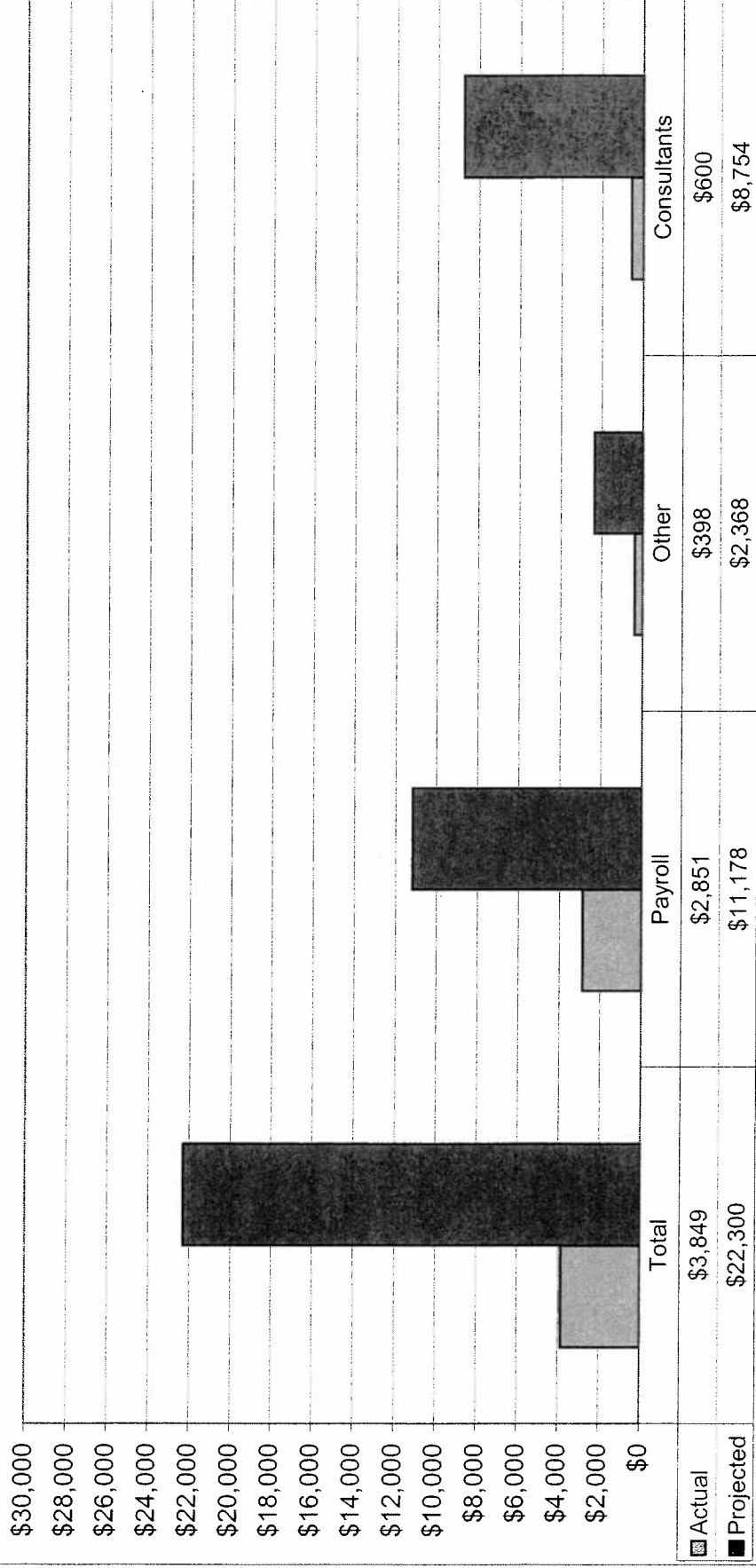


	FY 09-10 Revenue (Total \$3,790)	FY 08-09 Revenue (Total \$4,528)
Membership	\$416	\$401
Grants	\$2,032	\$2,638
Services & Others	\$1,342	\$1,489

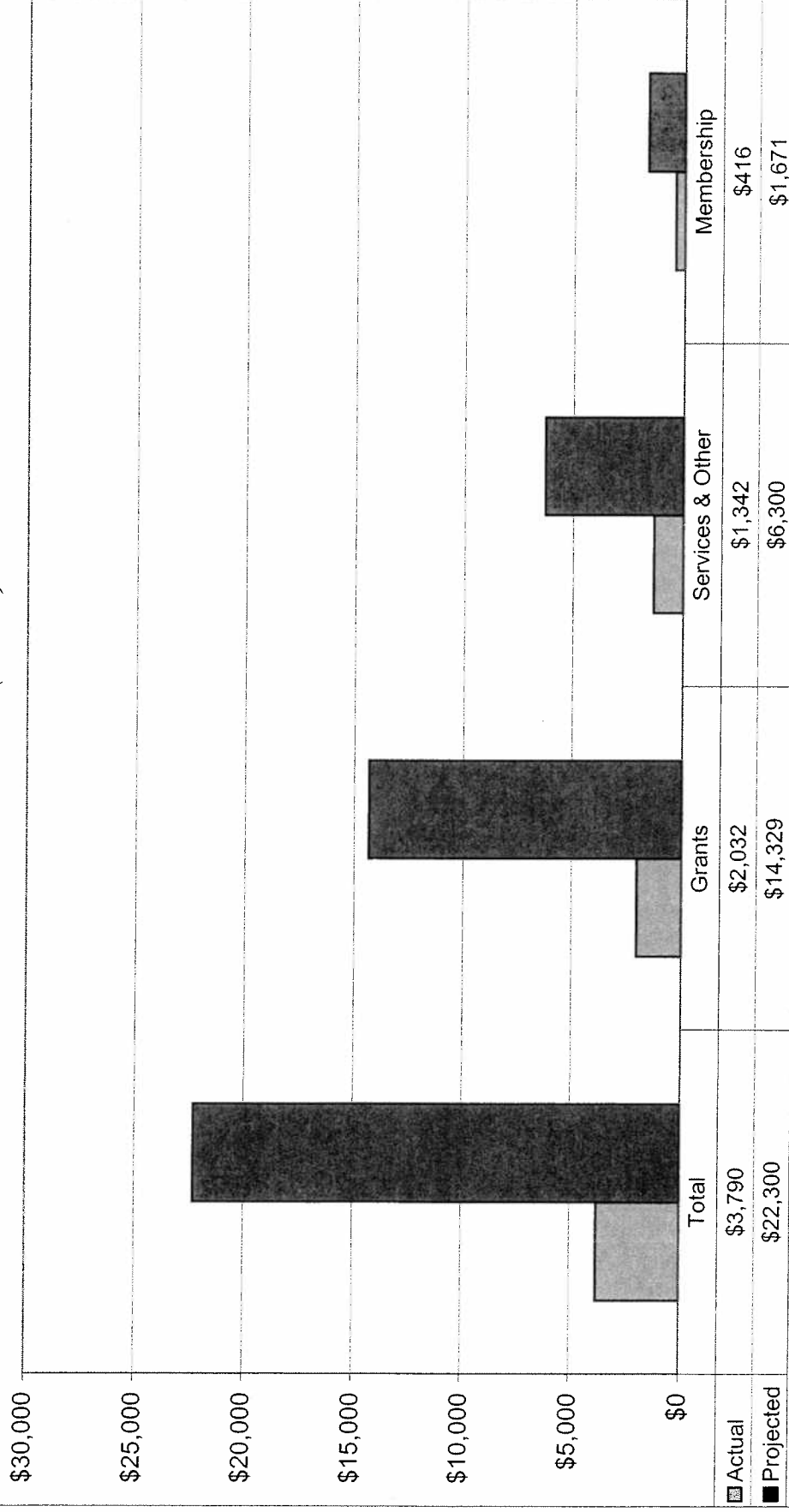
ABAG Financial Indices

Actual vs Projected Expenses--FY 09-10

Year to Date (\$'000)



ABAG Financial Indices *Actual vs Projected Revenues--FY 09-10* *Year to Date (\$'000)*



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